

Stormwater Funding Strategy
Learning Module Outline
Draft 9.25.18

Introduction:

The learning module is intended to assist local governments develop a sustainable funding strategy for their stormwater program in two important ways. The module provides information on the technical aspects of how to determine the full costs of operating and maintaining a community's stormwater program and evaluating various revenue and capital funding and financing options. It also addresses the critical need of building a solid program plan and a solid base of community support that will enable local elected officials to enact policies, programs, and budgets that will meet both today's needs as well as future needs. Engaging the political leaders at the right time with the right approach will give them the confidence they need to fully explore all financing options before selecting the one that best fits local conditions. Information about stakeholder outreach and building public support is woven throughout each chapter of the module.

Overview:

The module will be in the form of 6 stand-alone chapters, each with a series of sub-chapters. The module will be available on line for use by interested readers as they wish, at their own pace. The look will be similar to a dynamic power-point, with flexibility to jump around and delve into as much detail on each topic as the reader wishes. We expect to make modifications and upgrades to the training if necessary in 2019, but this version should be done and loaded in late 2018 or very early 2019. The module will include the following chapters, outlined below:

Overview- Description of course approach, navigation options, and terminology

- Chapter 1: Prepare for Success: Get Organized and Build Support
- Chapter 2: Establish Your Program Goals, Your Key Problems, and Your Program Plan
- Chapter 3: Determine Your Present and Future Program Costs
- Chapter 4: Evaluate Revenue and Capital Project Financing Options
- Chapter 5: Developing and Administering a Dedicated Funding Source
- Chapter 6: Engaging Private Partners and Investors for Stormwater Management

Chapter 1: Prepare for Success: Get Organized and Build Support

Section 1: Prepare for a Finance Breakthrough

- 1.1. Why Do We Need A Different Approach to Stormwater Finance?
 - 1.1.1 Many Moving Parts Changing Over Time
 - 1.1.2 Program and Financial Planning Challenges
 - 1.1.3 Embracing the Need to Change
- 1.2. Implementing the Alternative- Overcoming Barriers to Sustainable Stormwater Finance
 - 1.2.1 Challenges In Devising a Successful Stormwater Finance Plan
 - 1.2.2 Key Elements For Success in Finance Planning
 - 1.2.3 Basic Steps In Planning, Seeking, and Implementing A Program Finance Strategy
- 1.3 Case Study- Moving from Failure to Success in Palo Alto, CA

Section 2. Get Organized to Succeed- Plan to Seek the Funding You Need

- 2.1 Why We Need to Get Organized Up Front
- 2.2 How Do We Get Organized?
 - 2.2.1. Build a long term stormwater plan
 - 2.2.1.1- Clearly and simply defining your program goals and purpose (Why Is It Important To Do This?)
 - 2.2.1.2- Describe your program's strategy (How Do We Intend to Accomplish Our Goals?)
 - 2.2.1.3- Explain what specifically you do now and need to do in the foreseeable future
 - 2.2.2. Defining your existing funding situation.

Section 3: Build Public Understanding and Support for Your Program

- 3.1 Building Public and Opinion Leader Understanding and Support
- 3.2 How Stakeholder Engagement can Strengthen Support for Program Design: Comparison of Reading MA and Berkeley County, SC
- 3.3 Retooling Public Outreach to Build Support
- 3.4 Building Meaningful Public Involvement Habits
- 3.5 Involving the General Public and Stakeholder Groups
- 3.6 Case Study: Raleigh, NC's Stakeholder Involvement Process
- 3.7 Attracting and Involving Program "Champions"
- 3.8 When Are More or Less Intensive Public Involvement Efforts Needed?

Section 4: Get Started

- 4.1 Learning From Your Peers and Experts
- 4.2 Assembling Your Team
- 4.3 Transitioning To Your Funding Campaign—Time For Action!

Section 5: Resources

Chapter 2: Establish A Comprehensive Program Plan

Section 1 Why Do You Need A Comprehensive Program Plan?

Section 2 Determine The Scope Of Your Current Program Assets and Activities

Section 3 Developing Your Plan For the Future

Section 4 Using Asset Management To Inventory, Manage, and Help Budget Your Program Needs

Section 5 Working With Fellow Departments to Integrate Stormwater With Other Public Projects

Section 6: Resources

Chapter 3: Estimating Stormwater Program Costs

Section 1: Determine the scope of your stormwater finance strategy

Section 2: Principles of determining stormwater-related costs

Section 3: Using asset management to estimate current costs

Section 4: Estimating costs for NPDES MS4 Permit Program

Section 5: Estimating Future Costs

Section 6: Resources

Chapter 4: Evaluate Revenue and Capital Project Financing Option

Section 1: The Need for a Portfolio Approach

- Factors Affecting Selection of a Funding/Financing Approach
- Benefits of leveraging local funding (i.e., local cash flow opens the door to loans, bonds, and grants requiring match)
- The need to fit together different sources to address capital and ongoing O&M demands

Section 2: Revenue Sources

- General funds
- Taxes and Fees
- Dedicated revenue streams such as stormwater utility fees
- Other municipal dedicated funding sources (e.g., solid waste (for trash costs), wastewater, flood control, drinking water (for capture projects)).

Section 3: Capital Project Funding

- Low Interest Loans
- Municipal Bonds
- Grants
- Private or Public-Private

Section 4: Federal Financing Sources for Stormwater Management Capital Needs

- Using SRF for stormwater
- Other federal financing programs... USDA, HUD etc.
- Overview of those programs – link to funding directory

- Co-funding with case studies.
- Sources of funding/financing for technical assistance for planning

Section 5: Resources

Chapter 5: Developing and Administering a Dedicated Funding Source

Section 1: *Get Ready*: Building Public Support and Knowing Your Needs

Section 2. *Get Set*: Assessing Your Options and Planning for Success

Assess Your Fee/Tax Options and Begin to Build Public Support

- 2.1 Stormwater Fees and Taxes – What is the Difference? Pros and Cons?
- 2.2 Are Fees or Taxes Viable Under Your State Law?
- 2.3 Types of Rates/Fees
- 2.4 Providing Options to Reduce or Waive Fees, or Credit Onsite or Offsite Work
- 2.5 Evaluating Feasibility
- 2.6 Involving the Public and Key Decision Makers in Program Design and Discussions

Planning Your Funding Structure and Process

- 2.7 Collect the Information You Need to Implement a Dedicated Funding System
- 2.8 Develop a Notification Process to Inform Ratepayers of Pending Changes
- 2.9 Develop a Billing System to Collect the Funds
- 2.10 Develop a System for Distributing Collected Fees through the Budgeting Process
- 2.11 Combining Stormwater Fees with Other Funding Sources in the Portfolio

Developing Ordinances/Rules to Implement your Dedicated Funding Source

- 2.12 Become Familiar with Considerations for Legal Framework / Constraints of Fees/Taxes
- 2.13 Establishing an Ordinance or Other Rules
- 2.14 Ensure Your Rate Structure is Clearly Established
- 2.15 Carefully Consider Credit and Offset Provisions to Include in the Program
 - Incentivizing Onsite Practices
 - Offering Education Credits
 - Adjusting for Hardship or Particular Land Uses of Concern
- 2.16 Creating a Process to Review and Adjust Fees
- 2.17 Defining the Utility Structure if You are Forming a Separate Utility to Manage the Program and Collect Fees

Section 3. *Go*: Deploying Your Program with your Established Framework

- 3.1 Formally Propose the Dedicated Funding Program to the Community
- 3.2 Engage in Continued Public Outreach and Involvement to Build Awareness and Support and Address Concerns

- 3.3 Go Through the Approval Process
- 3.4 Notify Ratepayers of Pending Changes through Your Established Notification Process
- 3.5 Have Customer Assistance Staff Ready to Address Customer Questions, Concerns, and Requests for Review, Offsets, or Credits
- 3.6 Use your Administrative Structure to Collect and Track Revenue, Expenditures, Work Completed, and to Help Inform Budgeting Processes
- 3.7 Continue Strong Communication and Public Engagement (forums, etc.) while Shifting the Focus to Transparency for Fee Expenditures
- 3.8 Remain Open to Evaluation Revenues, Public Perception of Fees, and Consider When/How to Make Any Needed Adjustments

Section 4: Resources

Chapter 6: Engaging Private Partners and Investors for Stormwater Management

Section 1: Introduction:

Set context and role of P3s and crediting type approaches in this discussion.

Section 2: Private Property Stormwater Management Incentive Programs

- Municipalities are using incentive programs to encourage implementation of green infrastructure on both retrofit, redevelopment and new residential, commercial and institutional properties. These incentives are in the form of:

- Fee reduction (credits, rebates, discounts)
 - Washington, D.C.'s Clean Rivers program associated with DC Water's CSO program allows for a 4% discount on the Impervious Area Charge and there is another discount provided by DC's Department of Energy and Environment (DOEE), which offers a maximum of 55% off their stormwater fee when adopting on-site GI (DOEE, 2016).
- Subsidies:
 - Prince George's County, Maryland will pay up to for \$4,000 for rain barrels, permeable pavement, rain gardens, and other onsite GI treatment on residential properties and up to \$20,000 for non-residential properties (Prince George's County, 2017).
 - *NOTE: Be clear about the full program cost – not just the grant to these properties. There is on-going operational costs for these programs and for the assurance that the facilities are maintained and functioning.*
- Insurance Premium Discounts/Risk Reduction

- Community Rating System within the National Flood Insurance Program allows reduced insurance rates for homeowners in communities who adopt specific practices to reduce flood risk and enhance resilience overall, including the development of GI-focused building codes, ordinances, and a focus on runoff volume as well as peak flow (U.S. EPA,2016a).
- Expedited Plan Reviews for Regulatory Permits
 - http://willamettepartnership.org/wp-content/uploads/2014/06/Econ-Instruments-for-Stormwater_2017-04-20.pdf

Section 3: Market-Based Programs for Stormwater Management

- Credit Programs
 - DC Stormwater Retention Credit Program example.
 - Other examples to reflect variability and diverse ways to provide credits/discounts for controlling stormwater on property to help protect rivers and streams –large, medium and small communities. Other programs: Philadelphia, PA; Cleveland/NEORS; Portland, OR; Austin, TX; Gresham, OR, etc.
 - Consider adding other Environmental Trading Markets, such as the Compensatory Mitigation and Nutrient Trading markets (e.g. State of Virginia).

Section 4: Public-Private Partnerships (P3) and Public-Public Partnerships to Support Stormwater Management

- Brief explanation of delivery and contractual models for P3s and as well as an explanation of Infrastructure Financing Programs incentivizing private participation.
- Case Studies
 - Environmental Impact Bond – DC, Baltimore, Atlanta
 - Prince George’s County, MD and Chester, PA Community Based Public Private Partnership

Section 5: Resources